

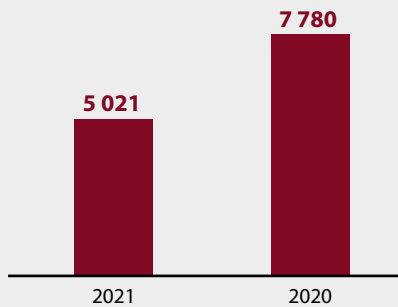
**FOR THE YEAR ENDED 28 FEBRUARY 2021**

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FINANCIAL HIGHLIGHTS

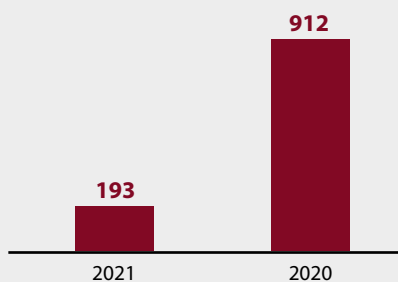
Revenue (R million)



✓ 35%

R5 billion

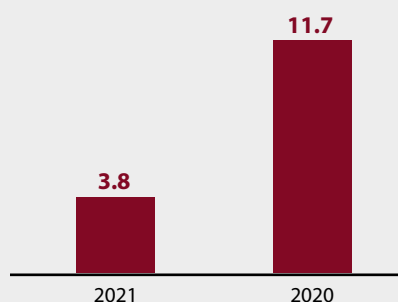
Operating profit before non-operational items (R million)



✓ 79%

R193 million

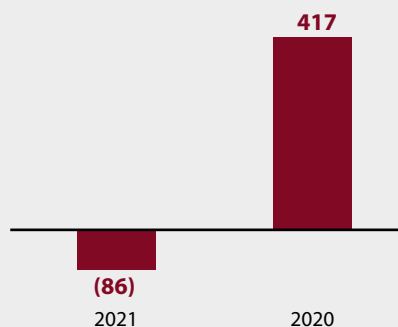
Operating profit margin (%)



✓ 7.9

3.8%

Headline (loss)/earnings per share (cents)



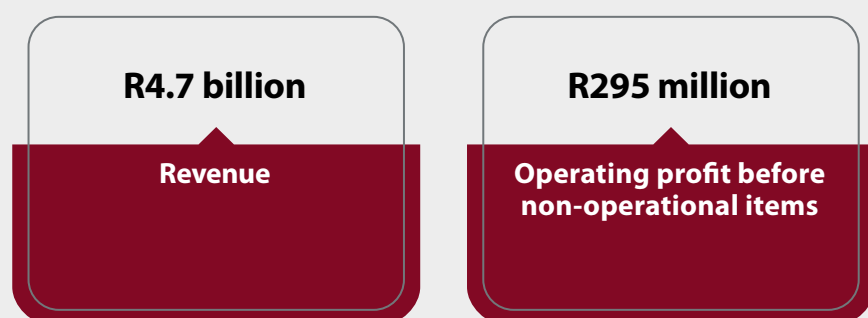
✓ 121%

-86 cents

FINANCIAL PERFORMANCE OVERVIEW AND COMMENTARY

for the year ended 28 February 2021

Financial performance overview (continuing operations)



Famous Brands summarised results for the year ended 28 February 2021

Famous Brands is a branded food services business operating franchised, master license and Company-owned restaurants. Our vertically integrated business model comprises three core pillars: Brands, Manufacturing and Logistics. The Brands portfolio consists of 19 restaurant brands, represented by 2 773 restaurants across South Africa ("SA"), the rest of Africa and the Middle East ("AME"), and the United Kingdom ("UK").

Industry overview

The food services industry was one of the worst affected by the COVID-19 pandemic during the reporting period. In addition, the reporting period was characterised by:

- lockdown restrictions in different markets, including curfews, alcohol bans and capacity restrictions;
- high food inflation;
- economic and political turmoil across our trading markets leading to low business and consumer confidence;
- concentrated competition in a subdued consumer spend environment;
- technology becoming increasingly pervasive in the food services industry and a differentiating driver; and
- South African-specific challenges including high unemployment, load shedding, service delivery protests and ratings downgrades.

The food services industry faces constant change. Consumers, already price conscious before the onslaught of COVID-19, increasingly seek value for money propositions. Competitor pressure on value pricing remains a characteristic of the industry.

Sustainability in the food services industry is less of a 'trend' and more of a responsibility that food and hospitality businesses must now uphold. We see a growing consumer mindfulness for ethical and sustainable sourcing and production, vegan and vegetarian menu options, as well as better, more environmentally friendly packaging solutions.

Globally delivery sales will continue to rise with the growth of app-based delivery services and the trend towards eating-at-home. The pandemic has served as a catalyst for food delivery app adoption – while people spend more time at home, deliveries have increased substantially.

Due to consumer hyper-awareness of safety and sanitation, the whole food services industry will continue to be defined by safety practices.

Our brand portfolio's leading market share position and track record of consumer accolades and awards demonstrate our continued support from our customers. While trends may come and go, the fundamentals of quality service and great food remain essential to building long-lasting customer loyalty.

Group performance

Across our trading markets in SA, AME and the UK, the negative financial impact of the COVID-19 global pandemic and resulting national lockdowns and trading restrictions were severe. During the lockdowns, in line with regulations, our SA and UK operations were shut in April 2020, excluding the SA retail division. Restrictions in the AME region were slightly less onerous, affording some trading activity.

The gradual easing of restrictions in SA and the UK in the first and second half of the reporting period enabled the business to improve performance while complying with regulations.

Remaining relevant and responsive to changing consumer trends continues to be a priority. In consideration of the trends discussed above, we continue to invest resources in:

- developing and promoting value offerings;
- enhancing technological capability across the digital and social media spheres;
- improving own delivery capacity and partnerships with third-party aggregators;
- ensuring that our menus reflect a growing demand for healthier options;
- rolling out of more environmentally-friendly practices;
- ensuring that customers are aware of our stringent health and safety standards and adherence to COVID-19 safety protocols.

The Board and management team executed on the first year of our 2021 – 2023 strategic roadmap, which is customer inspired, brand led and supported by a strong back-end value chain. This roadmap is consistent with the long-standing emphasis on the front-end (brands) component of the business, but with a narrower geographical focus in terms of expansion into international markets.

The Group's results for the reporting period are outlined in the table. More information about the performances of the business units can be found in the Operational review commentary.

Group financial results

Salient features	Unit	2021	2020	% change
Revenue	R million	5 021	7 780	(35)
Operating profit before non-operational items	R million	193	912	(79)
Operating profit margin	%	3.8	11.7	(67)
Impairments ^o	R million	(1 683)	(53)	
Basic (loss)/earnings per share	Cents	(1 237)	362	(442)
Headline (loss)/earnings per share (HEPS)	Cents	(86)	417	(121)
Statement of cash flows				
Cash generated from operations	R million	574	1 340	
Net cash outflow utilised in investing activities	R million	(71)	(116)	
Net cash outflow from financing activities	R million	(308)	(554)	
Cash realisation rate*	%	116.7	107.9	
Statement of financial position				
Cash and cash equivalents	R million	444	486	
Net asset value per share	Cents	390	1 797	
Net debt [^]	R million	1 370	2 574	
Net debt/equity (gearing)	%	351	143	
Total equity	R million	391	1 800	
Return on equity (ROE)**	%	(7.9)	25.1	
Return on capital employed (ROCE) ^{^^}	%	(50.9)	20.0	

^o Impairments of R193 million (2020: nil) were recognised in relation to continuing operations.

* Cash generated by operations as a percentage of EBITDA.

[^] Total interest-bearing borrowings (including lease liabilities) less cash.

** Headline earnings as a percentage of average total equity.

^{^^} Operating profit including non-operational items, divided by capital employed (which is calculated as the sum of total equity and interest-bearing debt and lease liabilities).

FINANCIAL PERFORMANCE OVERVIEW AND COMMENTARY continued

Gearing

As previously communicated, management successfully concluded negotiations with the Group's primary lender regarding a more appropriate debt finance structure.

Attainment of strategic imperatives

The actions we took in the review period to achieve our strategic objectives were at all times centred on creating value for our stakeholders. It is important to recognise that these plans were approved in February 2020 before the onslaught of the COVID-19 pandemic. These imperatives need to be viewed in a context where our priorities changed overnight, and our focus shifted to the continued financial sustainability of our business.

Improve our operational efficiencies: We refined our operational efficiency benchmarks and measured efficiencies against these. These measures include:

- accelerating the adoption of own delivery capacity and third-party delivery aggregators;
- rationalising the menu across the relevant channels to ensure that own and third-party platforms delivered on the required operating profit margins;
- keeping food input costs low despite increasing food inflation;
- disposing of our stake in café brand tashas and It's a Matter of Taste (comprising By Word of Mouth and Frozen for You); and
- successfully downscaling and relocating the Nelspruit distribution centre.

Restore our financial performance: We drove cost-reduction initiatives across the business. These measures include:

- placing the major portion of our business into hibernation during the hard lockdown;
- implementing stringent cash flow management measures;
- closing the Longmeadow distribution facility;
- negotiating payment terms with suppliers to protect cash flow; and
- withholding further investment into the Gourmet Burger Kitchen (GBK) business.

Lead in the categories we compete in: We innovated in format, category and technology to maintain and win market share. These measures include:

- quickly pivoting to online ordering, click and collect and delivery; and
- simplifying the Signature brands portfolio.

Prioritise our franchise partners: We supported franchise partners so that they could survive through a time when trading was banned and restricted. These measures include:

- supporting franchise partners with royalty fee discounts and payment deferrals;
- stepping in to renegotiate rental relief with landlords;
- supporting a class action case for the payment on business interruption insurance;
- simplifying menus to allow for better operational efficiencies and profitability for franchisees; and
- full logistics service to ensure uninterrupted supply.

Develop and transform our people: We executed several strategies to accelerate transformation initiatives and maintain people development. These include:

- maintaining our BBBEE rating; and
- migrating some of our employee training programmes online.

Optimise capital management: We undertook several measures to optimise our capital management and preserve cash flow. These include:

- refinancing debt with primary lender;
- proactively offering fair payment terms and deferrals to customers to manage bad debt;
- improving our working capital management;
- disposing of non-core brands in the Signature brands portfolio;
- negotiating fairer payment terms and deferrals with suppliers; and
- reducing capital expenditure.

Ensure regulatory compliance: Regulatory compliance is a priority area for the Group. Our initiatives for the review period include:

- improving our disclosure in our Transformation and Remuneration reports;
- communicating regularly and responsibly with the market;
- implementing and enforcing rigorous hygiene and health and safety controls and COVID-19 safety protocols across the Group; and
- maintaining our NOSA gradings (3 and 4).

Operational review

Brands

Our Brands portfolio comprises our Leading brands and our Signature brands. The Leading (mainstream) brands portfolio is segmented into Quick Service and Casual Dining brands. Several of our Signature (niche) brands are JV partnerships with the founders of the respective brands.

SA

The SA restaurant industry was badly affected by the various lockdown levels which commenced with a hard lockdown on 27 March 2020. Our combined SA Brands division reported a 42% decline in revenue to R567 million (2020: R974 million). Operating profit fell by 64% to R169 million (2020: R472 million), while the operating profit margin dropped to 29.9% from 48.5%. The initial reopening of delivery in May 2020 and take away in June 2020, played to our relative strength in these channels and demand remained strong.

Casual dining experienced a much slower recovery due to seating capacity restrictions, reduced trading hours as a result of the curfew, as well as consumer nervousness around eating out. As consumers changed their shopping and travelling habits this impacted sales in major malls and major transport routes.

Leading brands portfolio

Our Leading brands delivered weaker results, reflecting a year of lockdown restrictions and poor economic conditions. Leading brands' system-wide sales* declined by 28.6%, while like-for-like sales** declined by 29.1%.

Consistent with recent years and in line with general market trends, our Quick Service brands, being Steers, Debonairs Pizza, Fishaways and Milky Lane outperformed the Casual Dining brands, namely Wimpy and Mugg & Bean.

Leading brands strengthened its strategic partnership with third party delivery platforms ensuring that the brands were present in all key marketplaces. A new feature, Kerbside Collection, was introduced providing consumers the ability the pickup their order in the safety of their vehicle at the restaurant's shopfront.

We opened 69 new stores and revamped 77 stores.

Signature brands portfolio

Our Signature brands operated in a competitive and difficult Casual Dining market segment. Their performance reflects a year when lockdown forced temporary restaurant closures. COVID-19 restrictions including capacity rules, curfews and alcohol bans further impacted trading conditions. Constrained consumer spending and economic hardships are the main drivers of subdued performance.

Like-for-like sales** were 52.0% down while system-wide sales* were down 53.7% for the review period. Operating margins declined to -41.1%. Store closures increased to 14 stores from 7 in the prior year.

* System-wide sales refer to sales reported by all restaurants across the network, including new restaurants opened during the period.

** Like-for-like sales refer to sales reported by all restaurants across the network, excluding restaurants opened or closed during the period.

Leading brands' sales refer to sales of the Leading brands trading in SA.

^ Signature brands' sales refer to franchise and Company-owned store sales in SA as well as sales cross border only where the brand is a joint venture partnership and the brand is not managed by the AME management team.

FINANCIAL PERFORMANCE OVERVIEW AND COMMENTARY continued

NetCafé and Coffee Couture, operating in the hospital captive market segment, was impacted most severely. Patient numbers were restricted in hospitals country wide. Sit-down was restricted and these restaurants had to rely on counter sales alone.

PAUL¹ performed the best in the Signature brands portfolio attributed to strong day trading attributes and less reliance on alcohol and evening sales.

To assist restaurants, menus were streamlined to simplify restaurant operations and manage gross profit margins. Restaurants had to quickly adopt delivery platforms to enhance revenue where possible.

During the review period, we sold tashas and mothballed the Europa and Keg brands in SA.

AME

The Group is represented by 266 restaurants in 17 countries in this region.

All AME markets experienced border closures, curfews, travel restrictions and imposed health protocol measures in varying degrees and timeframes over the year. Many restaurants underwent temporary closures and all franchise partners experienced financial stress. We provided franchise partners with assistance in the form of reduced royalties and extended payment terms.

In the context of less stringent COVID-19 trading restrictions, the AME region delivered solid results. System-wide sales* in this region declined by 22.9%. Combined revenue reported for the region was R316 million (2020: R314 million). Operating profit declined to R30 million (2020: R55 million). The operating profit margin was 9.5% (2020: 17.5%).

A total of 13 new restaurants were opened in FY2021 and five stores revamped. A total number of 57 stores closed during FY2021 for several reasons including operational, financial or revamp compliance failures, expiry of franchise agreements, COVID-19 financial stress and legal disputes.

Significant increase in home delivery channel sales was achieved by Quick Service brands in Botswana, Ethiopia, Kenya, Nigeria and Sudan as a result of an agile response to consumer demand for delivery.

Operational efficiencies were achieved by collaborating with strategic alliances, specifically petroleum partnerships and by developing localised supply chains.

UK

Since GBK was placed under administration by the GBK Board, Wimpy is our only brand operating in the UK. Comparative results should be viewed from this perspective.

Wimpy UK

Turnover was down by a total of 19.4%. Revenue in Rand terms declined to R112 million (2020: R122 million). Operating profit declined by 38% to R14 million (2020: R23 million). The operating margin for the year was 12.8% (2020: 19.0%).

While trading conditions remained tough throughout the year, franchise partners embraced delivery across third-party platforms and take away services. This meant Wimpy UK continued to trade throughout all lockdown stages.

Gourmet Burger Kitchen (GBK)

Due to the impact of the COVID-19 pandemic the Board decided to cease financial assistance to the GBK business. In October 2020, the GBK business was placed under administration in accordance with the insolvency legislation in the UK. The Group's investment in GBK was impaired in full when the Group published its interim results for the six-month period ended 31 August 2020. The Group awaits the finalisation of the administration process by the Administrator. There are no further operating losses impacting the Group's results from the date on which GBK entered administration. The financial results have been disclosed as a discontinued operation as a result of the disposal (refer to page 24).

Vertical integration

The Group's vertically integrated supply chain comprises our Manufacturing, Logistics and Retail businesses, which are managed and measured independently. Most of our manufacturing plants are wholly owned, but we also operate certain JV partnerships. The Retail business sells condiments (sauces, dressings, spices), frozen meat products, coffee (ground and beans), frozen chips and other value-added products.

Manufacturing

Manufacturing revenue declined by 24% to R2.1 billion (2020: R2.8 billion) and ultimately the operating margin to 8.6% (2020: 15.1%). Across all our plants we sold 34% less units in FY21 and produced 30% less volume. This was driven by demand from the front end of the value chain and the exposure that each plant has to the different brands. Those plants who primarily produce stock for Quick Service restaurants did better than those plants with a high Casual Dining exposure.

Capital expenditure of R20 million (2020: R37 million) was employed on plant upgrades, machinery and equipment.

¹ Licensed brand by PAUL International.

Logistics

Logistics revenue declined by 27% to R3.0 billion mainly due to lower case volumes and this decline filtered through to an operating margin of -0.4%. To maintain logistic efficiency, we focused on route planning optimisation. This initiative had to be balanced with restaurant delivery requirements where unpredictable bursts in the economy during lockdown required inventory delivery on a somewhat irregular basis.

Capital expenditure of R4 million (2020: R26 million) was incurred.

Retail

The Retail business has operated for a full financial year as a stand-alone business unit. Sales reported for the period were R151 million (2020: R124 million). This business unit saw an uptick in sales during the COVID-19 lockdown period as consumer demand for at home consumption increased. We launched several new products.

Group associates

The Group holds strategic stakes in the following entities: UAC Restaurants Limited (49%); FoodConnect (49%); and Sauce Advertising (37%).

UAC Restaurants Limited Nigeria

This business comprises the Mr Bigg's and Debonairs Pizza brands in Nigeria as well as a central kitchen (bakery and manufacturing) and distribution component. The UAC Restaurant Limited Nigeria network consists of 51 Mr Bigg's restaurants and five Debonairs Pizza stores.

The planned Mr Bigg's and Debonair Pizza store in Lagos was not opened due to delays in securing approvals for equipment importation. In addition, 22 Mr Biggs stores were closed in the franchise network.

UAC made key management changes and deployed technologies (e.g. SAP, Microsoft 365 and ordering platforms) to enhance operational efficiencies.

FoodConnect

FoodConnect is a sales and distribution business in the food and beverage sector which owns the rights to the Group's licensed Baltimore ice-cream brand.

Sauce Advertising

Sauce assists the Group through providing enhanced marketing capabilities and leveraging of marketing spend with the aim of improving the business's competence in the digital marketing space.

Changes to the composition of the Board of Directors

As announced on SENS on 4 March 2021, Emma Mashilwane has given notice to the Board that she will retire at the upcoming Famous Brands AGM in July and will not be available for re-election as an independent non-executive director. She will step down as a member of the Audit and Risk Committee and as Chairman of the Remuneration Committee. Famous Brands is delighted to advise shareholders that Ms Fagmeedah Petersen-Cook has been appointed as an independent non-executive director to the board of directors of Famous Brands ("the Board"), and member of the Audit and Risk, Investment and Remuneration Committees. This appointment will be effective from 1 June 2021.

Performance subsequent to reporting date

COVID-19 caused significant disruption to our business, especially during the hard lockdowns, where minimal trading activity was possible. We predict that our revenue recovery will be slow with incremental improvements as consumer confidence returns to the markets where we operate.

We are concerned about the weak state of the economy which, together with the financial and psychological impact of COVID-19, will continue to dampen consumer confidence and discretionary spend. However, we are cautiously optimistic, barring any further unpredictable events, that we should see increased consumer activity, reflected by upwards sales trends.

Management and the Board are confident that we have a solid business model as well as the required specialist skills to navigate and guide our recovery.

Our strategically structured, diverse portfolio, agility and the ability to continuously innovate across brands and trading formats remains key to driving future growth. Trading in March and April has been encouraging and when compared to 2019 levels there is a clear picture of what the recovery trajectory could look like.

FINANCIAL PERFORMANCE OVERVIEW AND COMMENTARY continued

Looking forward

Famous Brands is well-positioned to continue preserving and delivering value for its shareholders.

Operating conditions are anticipated to remain challenging across all geographies and sectors in the year ahead. In the coming months and even years, we anticipate that governments will focus on revitalising the economy. The US stimulus package and unemployment relief will support global economic growth.

The rollout of the COVID-19 vaccine, quicker than could be envisioned this time last year, should see a measure of normalcy return to many countries in which we operate.

Prospects

Trading is likely to remain subdued in the first quarter of FY2022 and is highly dependent on how well the infection rate and associated risks are managed. The certainty of a third wave in winter could potentially lead to tighter lockdown restrictions, resulting in further revenue pressure. We have observed that as infections drop, consumer confidence improves and spending increases. Promotional activity and advertising spend will be a priority over the winter months to drive sales activity. We anticipate that delivery, which is traditionally strong in winter, will remain a key channel across all brands and lessen the impact of reduced foot counts in restaurants.

Any forward looking statements contained in this announcement have not been reviewed or reported on by the external auditors.

Three-year strategic road map

Our three-year strategic road map sets out expectations against our strategic objectives. Our focus for the coming year will be centred on creating further operational efficiencies, prioritising core long-term operations, optimising investment returns for our franchise partners and preserving cash. This will be achieved through:

- optimising key Leading brands growth potential
- stabilising post COVID-19 and then simplifying Signature brands' operating structure;
- assessing Signature brands investment post COVID-19
- rebuilding franchise partner profitability through a post COVID-19 adjusted business model;
- investing to remain competitive in relevant consumer facing e-commerce space;
- further AME regional growth;
- investing in regional distribution centre efficiencies and recalibration of Logistics capacity;
- focused investing aimed at optimising manufacturing efficiency;
- operational excellence across the entire supply chain to ensure sustainable franchise partner gross margin growth;
- reassessment of non-core assets in supply chain
- enhancing our retail offering;
- embedding new capital allocation disciplines and measures;
- cost reduction initiatives; and
- brand acquisitions and minority buy-outs where suited.

As the world moves from crisis mode to a new type of normal, there will be new growth avenues to consider. While we have withheld capital expenditure in the short term, our goal to be at the forefront of our industry is undiminished and we remain committed to embracing further expansion opportunities.

Dividend

We will not be declaring a dividend for the period under review. The restriction from our primary lender is that the Group will need two measurement periods to reduce net debt: EBITDA to be less than 2.5 times before resuming a dividend. The Board acknowledged the importance of the dividend to shareholders and has committed to resuming dividend payments in the future.

A live webcast of the Group's results presentation will be held on 1 June 2021. To pre-register link to:
<http://www.corpcam.com/famousbrands01062021>

On behalf of the Board



SL Botha
Chairman



DP Hele
Chief Executive Officer

Midrand

31 May 2021

AUDIT OPINION ON COMPLETE SET OF CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 28 February 2021

These summarised consolidated financial statements for the year ended 28 February 2021 have been derived from the consolidated audited financial statements of Famous Brands Limited for the year ended 28 February 2021, on which the auditors, KPMG, have expressed an unmodified audit opinion.

A copy of the auditor's report, together with the accompanying financial information, can be obtained from the company's registered office. The auditors unmodified report along with their key audit matter and the financial statements are available for inspection on the following link <https://famousbrands.co.za/investor-centre/financial-results/>.

The information as set out in this announcement has not been audited.

The Board of Directors of Famous Brands take full responsibility for the preparation of these summarised consolidated financial statements and for ensuring that the financial information has been correctly extracted from the underlying financial statements.

KPMG

Registration number: 1999/012876/07

85 Empire Rd, Parktown, Johannesburg, 2193

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 28 February 2021

	Notes	2021 R000	2020 R000
ASSETS			
Non-current assets		1 695 450	4 640 963
Property, plant and equipment	7	667 098	2 226 797
Intangible assets	8	917 450	2 274 895
Investments in associates		21 714	62 299
Other receivables		29 122	55 357
Deferred tax		60 066	21 615
Current assets		1 297 723	1 532 208
Inventories		354 243	426 690
Current tax assets		5 470	14 891
Derivative financial instruments		8 011	1 783
Trade and other receivables		485 642	602 587
Cash and cash equivalents		444 357	486 257
Total assets		2 993 173	6 173 171
EQUITY AND LIABILITIES			
Equity attributable to owners of Famous Brands Limited		269 506	1 680 132
Non-controlling interests		121 258	120 260
Total equity		390 764	1 800 392
Non-current liabilities		1 805 314	3 237 510
Borrowings	19	1 462 600	1 655 630
Lease liabilities		256 934	1 263 821
Deferred tax		85 780	318 059
Current liabilities		797 095	1 135 269
Non-controlling shareholder loans		1 692	601
Derivative financial instruments		2 363	126 035
Lease liabilities		88 142	119 419
Trade and other payables		673 768	851 372
Shareholders for dividends		2 418	2 423
Current tax liabilities		22 300	13 612
Borrowings	19	6 412	21 807
Total liabilities		2 602 409	4 372 779
Total equity and liabilities		2 993 173	6 173 171

SUMMARISED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 28 February 2021

	Notes	2021 R000	2020 Restated* R000
Continuing operations			
Revenue	10	4 683 828	6 495 275
Cost of sales		(2 677 794)	(3 407 582)
Gross profit		2 006 034	3 087 693
Selling and administrative expenses		(1 711 315)	(2 175 644)
Operating profit before non-operational items		294 719	912 049
Non-operational items [^]		(193 485)	–
Operating profit including non-operational items		101 234	912 049
Net finance costs		(175 667)	(164 287)
Finance costs	13.1	(192 269)	(211 180)
Finance income	13.1	16 602	46 893
Share of profit of associates		4 862	5 228
(Loss)/Profit before tax		(69 571)	752 990
Tax		(35 303)	(220 240)
(Loss)/Profit from continuing operations		(104 874)	532 750
Loss from discontinued operation, net of tax	16	(1 111 440)	(105 933)
Total (Loss)/profit for the year		(1 216 314)	426 817
(Loss)/profit for the year attributable to:			
Owners of Famous Brands Limited		(1 239 079)	362 264
Non-controlling interests		22 765	64 553
		(1 216 314)	426 817
(Loss)/profit for the year		(1 216 314)	426 817
Other comprehensive income, net of tax:			
Exchange differences on translating foreign operations**		102 956	79 683
Pre-tax foreign exchange differences on translating foreign operations		142 728	95 396
Tax effect on exchange differences on translating foreign operations		(39 772)	(15 713)
Other comprehensive income arising from discontinued operation		(299 664)	–
Pre-tax foreign exchange differences on translating discontinued foreign operation		(367 549)	–
Tax impact on foreign exchange differences on translating discontinued foreign operation		67 885	–
Movement in hedge accounting reserve**		18 364	(5 857)
Pre-tax change in fair value of cash flow hedges		25 505	(8 134)
Tax on movement in hedge accounting reserve		(7 141)	2 277
Total comprehensive (loss)/income for the year		(1 394 658)	500 643

SUMMARISED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME continued

	Notes	2021 R000	2020 Restated* R000
Total comprehensive (loss)/income attributable to:			
Owners of Famous Brands Limited		(1 417 423)	436 090
Non-controlling interests		22 765	64 553
		(1 394 658)	500 643
Basic (loss)/earnings per share (cents) including discontinued operation			
Basic	17	(1 237)	362
Diluted	17	(1 234)	361
Basic (loss)/earnings per share (cents) from continuing operations			
Basic	17	(127)	468
Diluted	17	(127)	467

* Comparatives have been restated to provide a split between continuing and discontinued operation.

** This item may be reclassified subsequently to profit or loss.

^ Relates to impairments.

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 28 February 2021

	2021 R000	2020 R000
Balance at the beginning of the year	1 800 392	1 527 529
Issue of capital and share premium	601	9 498
Equity settled share-based payment scheme	34 449	14 047
Put-options over non-controlling interests	(31 729)	9 173
Total comprehensive (loss)/income for the year	(1 394 658)	500 643
Payment of dividends	(15 307)	(249 392)
Non-controlling interest arising	–	1 960
Change in ownership interests in subsidiaries	–	(16 050)
Other reserve	(2 984)	2 984
Balance at the end of the year	390 764	1 800 392

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 28 February 2021

	2021 R000	2020 R000
Cash generated from operations	573 845	1 340 390
Net finance costs paid	(161 394)	(215 895)
Finance income received	13 242	46 892
Finance costs paid	(174 636)	(262 787)
Income tax paid	(69 540)	(183 392)
Net cash inflow from operating activities before dividends paid	342 911	941 103
Dividends paid to owners of Famous Brands Limited	(5)	(190 070)
Dividends paid to non-controlling interests	(5 507)	(59 094)
Net cash inflow from operating activities	337 399	691 939
Cash generated from investing activities		
Additions to property, plant and equipment	(72 580)	(151 804)
Intangible assets acquired	(11 357)	(21 524)
Proceeds from disposal of property, plant and equipment	15 188	24 678
Proceeds from disposal of intangible assets	50	–
Additional investment in associate	(1 724)	(3 159)
Net cash inflow on disposal of subsidiary	43 890	31 699
Net cash outflow on disposal of subsidiary	(63 732)	–
Net cash inflow on disposal of associate	15 000	–
Dividends received from associates	4 048	4 146
Net cash outflow from investing activities	(71 217)	(115 964)
Cash flow from financing activities		
Net borrowings repaid	(188 303)	(430 000)
Borrowings raised	3 228 867	–
Borrowings repaid	(3 417 170)	(430 000)
Settlement of interest rate swap	(40 383)	–
Non-controlling shareholder loans received/(repaid)	1 091	(1 899)
Principal repayments of lease obligations	(73 490)	(123 444)
Settlement of put option over non-controlling interest in subsidiary	(14 828)	–
Other receivables (head-leases)	14 356	–
Proceeds from disposal of non-controlling interest in subsidiary	–	1 450
Share-based payment grant settlements	(6 541)	–
Net cash outflow from financing activities	(308 098)	(553 893)
Net (decrease)/increase in cash and cash equivalents	(41 916)	22 082
Foreign currency effect	16	9 451
Cash and cash equivalents at the beginning of the year	486 257	454 724
Cash and cash equivalents at the end of the year*	444 357	486 257

* Comprises cash and cash equivalents of R444 million (2020: R486 million), of which R92 million (2020: R40 million) is restricted cash related to marketing funds.

PRIMARY (BUSINESS UNITS) AND SECONDARY (GEOGRAPHICAL) SEGMENT REPORT

for the year ended 28 February 2021

	Note	2021 R000	%	2020 Restated* R000	%
Revenue					
Leading brands		490 540	10	783 364	10
Signature brands		75 973	2	190 763	2
Supply Chain		3 349 104	67	4 478 560	59
Manufacturing		2 117 718	42	2 770 809	36
Logistics		2 994 081	60	4 095 124	53
Retail		151 209	3	123 625	2
Eliminations		(1 913 904)	(38)	(2 510 998)	(32)
Marketing funds		325 003	6	582 833	7
Corporate		14 874		23 156	
South Africa (SA)		4 255 494	85	6 058 676	78
United Kingdom (UK)		449 991	9	1 407 170	18
Gourmet Burger Kitchen (GBK)		337 669	7	1 285 040	16
Wimpy		112 322	2	122 130	2
Rest of Africa and Middle East (AME)		316 012	6	314 469	4
Total		5 021 497	100	7 780 315	100
Operating profit before non-operational items					
Leading brands		200 416	104	449 660	49
Signature brands		(31 246)	(16)	22 799	2
Supply Chain		169 105	87	457 322	50
Manufacturing		181 177	94	419 195	46
Logistics		(12 883)	(7)	60 457	7
Retail		811	–	(22 330)	(3)
Marketing funds		(57)		–	
Corporate		(87 820)	(46)	(95 767)	(10)
Share-based payment charge		(41 590)	(22)	(23 546)	(3)
Consolidation entries**		2 041	1	(11 586)	–
Corporate administration costs***		(48 271)	(25)	(60 635)	(7)
SA		250 398	129	834 014	91
UK		(87 308)	(45)	23 543	3
GBK		(101 700)	(52)	385	–
Wimpy		14 392	7	23 158	3
AME		29 929	16	54 877	6
Total		193 019	100	912 434	100
UK		(1 121 698)		(52 953)	
Impairment		(1 489 247)		(52 953)	
Realised foreign exchange on disposal of GBK		367 549		–	
Corporate		(287 635)		(432 664)	
Impairment		(193 485)		–	
Net finance costs		(213 987)		(218 682)	
Share of profit of associates		4 862		5 228	
Tax		114 975		(219 210)	
(Loss)/Profit for the year		(1 216 314)		426 817	

* Comparatives have been restated to provide a split between continuing and discontinued operation.

** Consolidation entries relate to depreciation and amortisation at Group level, and profit or loss from business disposals.

*** Corporate administration costs include internal audit, Board fees, corporate finance, Group Development Executive, CEO, other head office administrative costs not relevant to operations and operating profit from Design HQ.

PRIMARY (BUSINESS UNITS) AND SECONDARY (GEOGRAPHICAL) SEGMENT REPORT continued

Segmental operating margins	Note	2021 R000	2020 Restated* R000
Leading brands		40.9%	57.4%
Signature brands		(41.1%)	12.0%
Supply Chain		5.0%	10.2%
Manufacturing		8.6%	15.1%
Logistics		(0.4%)	1.5%
Retail		0.5%	(18.1%)
SA		5.9%	13.8%
UK		(19.4%)	1.7%
GBK		(30.1%)	–
Wimpy		12.8%	19.0%
AME		9.5%	17.5%
Total		3.8%	11.7%

* Comparatives have been restated to provide a split between continuing and discontinued operation.

The table below sets out the performance of the UK business in GBP and ZAR respectively.

UK business segment results (Wimpy and GBK)	2021 £000	2021 R000	2020 £000	2020 R000
Revenue	21 119	449 991	75 524	1 407 170
Operating (loss)/profit	(4 098)	(87 308)	1 284	23 543
Operating (loss)/profit margin	(19.4)	(19.4)	1.7	1.7

The table below sets out the revenue from significant foreign entities.

Revenue from individual countries	2021 R000	2020 R000
UK	449 991	1 407 170
Botswana	267 427	251 484

The table below sets out the geographical location of non-current assets excluding deferred tax assets and financial instruments (other receivables).

Geographical allocation of non-current assets	2021 R000	2020 R000
South Africa	1 300 642	2 703 997
UK	208 892	1 782 138
Botswana	80 966	71 958
Other countries	15 762	5 898
Total	1 606 262	4 563 991
Additions to non-current assets by segment*		
Leading brands	25 029	23 981
Signature brands	5 832	21 468
Manufacturing	20 031	36 717
Logistics	4 085	26 297
Corporate	1 507	9 204
SA	56 484	117 667
AME	25 097	20 257
UK	2 356	35 404
Total	83 937	173 328

* Relates to property, plant equipment and intangible assets.

STATISTICS AND RATIOS

for the year ended 28 February 2021

	2021	2020
Basic (loss)/earnings per share (cents) (including discontinued operation)		
Basic	(1 237)	362
Diluted	(1 234)	361
Headline (loss)/earnings per share (cents) (including discontinued operation)		
Basic	(86)	417
Diluted	(86)	416
Dividends per share (cents)	–	90
Interim	–	90
Final	–	–
Ordinary shares (000)		
in issue	100 202	100 186
weighted average	100 197	100 102
diluted weighted average	100 376	100 247
Operating profit margin (%)	3.8%	11.7%
Net debt/equity (%)*	351%	143.0%
Net asset value per share (cents)	390	1 797
Market value per share – at year end (cents)	4 603	5 360

* Total interest-bearing borrowings (including lease liabilities) less cash divided by equity.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 28 February 2021

Famous Brands Limited (the “company”) is a South African registered company. The summarised consolidated financial statements of the company comprise the company and its subsidiaries (together referred to as the Group) and the Group’s interest in associates.

1 Statement of compliance

These summarised consolidated financial statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB) in issue and effective for the Group at 28 February 2021, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council, and contains the information required by IAS 34 *Interim financial reporting*, the JSE Listings Requirements, and the Companies Act of South Africa.

2 Basis of preparation

The summarised consolidated financial statements do not include all the information and disclosures required for the full set of audited consolidated financial statements, and should be read in conjunction with the full set of the audited financial statements which are available on our website at www.famousbrands.co.za.

The Group’s audited financial statements and the summarised consolidated financial statements as at and for the year ended 28 February 2021 were prepared on the going-concern basis. The accounting policies applied in the presentation of the summarised consolidated financial statements are consistent with those applied for the year ended 28 February 2021, except for new standards that became effective for the Group’s financial period beginning 1 March 2020.

The summarised consolidated financial statements were prepared on the historical cost basis, under the supervision of Kelebogile (Lebo) Ntlha, Group Financial Director.

3 Significant judgements and sources of estimation uncertainty

Going concern

The going concern assumption is evaluated based on information available up to the date on which the Annual Financial Statements (AFS) are approved for issuance by the Board. While there is widespread uncertainty regarding the extent of the impact of COVID-19 on the economies of the geographies in which the Group operates, key being South Africa, the going concern assumption was considered to be appropriate for the preparation of the Group’s AFS for the year under review. In this regard, key considerations included:

- the Group’s outlook regarding trading conditions that will persist into the foreseeable future;
- the Group’s debt service and covenants requirements;
- the Group’s working capital requirements and access to short-term funding; and
- the Group’s unutilised facilities.

4 Changes in accounting policies

The Group has adopted all the new, revised or amended accounting standards which were effective for the Group from 1 March 2020, including:

- IFRS 3 Business Combinations (Amendment).
- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment); and
- IFRS 7 Financial Instruments Disclosure and IFRS 9 Financial Instruments (Amendment).

These do not have a significant impact on the Group’s financial results or position.

5 Accounting standards and interpretations issued but not yet adopted

The Group has chosen not to early adopt the following amendments and interpretations, which have been published and are mandatory for the Group's accounting periods beginning on or after 1 March 2020 or later periods:

IFRS 3 Business Combinations (Amendment, effective for financial years beginning on or after 1 January 2022)

The amendment updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

Management is determining the impact of the standard on the financial statements. No significant impact is expected.

IFRS 7 Financial Instruments Disclosure, IFRS 9 Financial Instruments and IFRS 16 Leases (Amendment, effective for financial years beginning on or after 1 January 2021)

The amendments to the standards amend requirements relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities, hedge accounting and disclosures.

Management is determining the impact of the standard on the financial statements. No significant impact is expected.

IAS 1 Presentation of Financial Statements (effective for financial years beginning on or after 1 January 2023)

Narrow-scope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current.

Management is determining the impact of the standard on the financial statements. No significant impact is expected.

IAS 16 Property, plant, and equipment (effective for financial years beginning on or after 1 January 2022)

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

Management is determining the impact of the standard on the financial statements. No significant impact is expected.

IAS 37 Provisions, Contingent Liabilities and Contingent Assets (effective for financial years beginning on or after 1 January 2022)

The amendments specify which costs should be included in an entity's assessment whether a contract will be loss-making.

Management is determining the impact of the standard on the financial statements. No significant impact is expected.

6 Capital expenditure and commitments

Invested

Property, plant and equipment
Intangible assets

Authorised, not yet contracted

Property, plant and equipment
Intangible assets

	2021 R000	2020 R000
Invested	83 937	173 328
Property, plant and equipment	72 580	151 804
Intangible assets	11 357	21 524
Authorised, not yet contracted	167 599	235 388
Property, plant and equipment	130 147	202 372
Intangible assets	37 452	33 016

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS continued

	2021 R000	2020 R000
7 Property, plant and equipment		
Opening balance	2 226 797	1 048 537
Additions due to application of IFRS 16	91 874	1 302 230
Additions	72 580	151 804
Foreign currency translation	163 313	108 182
Disposals (continuing operations)	(25 875)	(24 751)
Disposals (discontinued operation)	(1 298 684)	–
Depreciation	(275 983)	(306 252)
Impairment	(286 924)	(52 953)
Closing balance	667 098	2 226 797

Impairment

An impairment of Rnil (2020: R53 million) was recognised during the year under review at GBK restaurant level. All remaining GBK assets were derecognised post the business being placed under administration in accordance with the Insolvency legislation in the UK, and GBK subsequently disposed of.

	2021 R000	2020 R000
8 Intangible assets		
Opening balance	2 274 895	2 179 770
Additions	11 357	21 524
Foreign currency translation	62 105	100 106
Disposals (continuing operations)	(14 070)	(2 864)
Amortisation	(22 847)	(23 641)
Impairments (continuing operations)	(175 485)	–
Impairments (discontinued operation)	(1 218 505)	–
Closing balance	917 450	2 274 895

All remaining GBK assets were derecognised post the business being placed under administration in accordance with the Insolvency legislation in the UK, and GBK subsequently disposed of.

9 Related party transactions

The Group entered into various sale and purchase transactions with related parties, in the ordinary course of business. The nature of related-party transactions is consistent with those reported previously.

	2021 R000	2020 Restated* R000
10 Revenue		
Continuing operations		
Sale of goods	3 349 104	4 478 560
Services rendered, franchise and restaurant revenue	1 009 721	1 433 882
Marketing funds**	325 003	582 833
	4 683 828	6 495 275

* Comparatives have been restated to provide a split between continuing and discontinued operation.

** Marketing funds relate to funds contributed by franchisees for the various brands across the Group and are administered in line with the Consumer Protection Act ("CPA"). Further analysis of revenue is provided in the primary (business units) and secondary (geographical) segment report based on the information reviewed by the chief operating decision maker.

11 Financial instruments

Accounting classifications and fair values

The table below sets out the Group's classification of each class of financial assets and liabilities, as well as a comparison to their fair values. The different fair value levels are described below:

- Level 1: quoted prices (adjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

	Level	2021 R000	2020 R000
FINANCIAL ASSETS			
Measured at amortised cost:			
Trade and other receivables		492 392	610 374
Cash and cash equivalents		444 357	486 257
Fair value through profit or loss:			
Derivative financial instruments		8 011	1 783
		944 760	1 098 414
FINANCIAL LIABILITIES			
Measured at amortised cost:			
Trade and other payables		469 586	684 181
Shareholders for dividends		2 418	2 423
Lease liabilities		345 076	1 383 240
Non-controlling shareholder loans		1 692	601
Borrowings		1 469 012	1 677 437
Fair value through profit or loss:			
Derivative financial instruments (put options over non-controlling interests)	3	–	104 295
Derivative financial instruments (foreign exchange contracts)	2	2 363	120
Fair value through other comprehensive income:			
Derivative financial instruments (interest-rate swaps)	2	–	21 260
		2 290 147	3 873 557

The carrying amounts of financial assets and liabilities are considered to approximate the fair values.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS continued

11 Financial instruments (continued)**Movements in level 3 financial instruments carried at fair value**

The following tables illustrates the movements during the year of level 3 financial instruments carried at fair value:

	2021 R000	2020 R000
Put options over non-controlling interests:		
Carrying value at beginning of the year	104 295	105 783
Unwinding of discount	–	8 232
Derecognition through equity	–	(9 173)
Reclassified to trade and other payables	(85 510)	–
Settlement of put option	(14 828)	–
Remeasurement	(3 957)	(547)
Carrying value at end of the year	–	104 295

12 UK Business Segmental Results

The table below sets out the performance of the UK Business Segment in GBP and ZAR respectively:

		2021	2020
Revenue	GBP000	21 119	75 524
Operating (loss)/profit	GBP000	(4 098)	1 284
Operating (loss)/profit margin	%	(19.4)	1.7
Revenue	R000	449 991	1 407 170
Operating (loss)/profit	R000	(87 308)	23 543
Operating (loss)/profit margin	%	(19.4)	1.7

13 Net finance (costs)/income**Continuing operations****13.1 Finance costs**

	2021 R000	2020 R000
Interest on borrowings	(160 523)	(169 457)
Interest on put-option liabilities	–	(8 232)
Interest on lease liabilities	(31 491)	(22 714)
Other finance costs	(255)	(10 777)
	(192 269)	(211 180)

13.2 Finance income

	2021 R000	2020 R000
Interest from lease receivables	3 360	6 064
Interest from bank deposits	13 097	33 800
Other finance income	145	7 029
	16 602	46 893
Net finance costs	(175 667)	(164 287)

14 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, to provide sustainable returns for shareholders, benefits for other stakeholders and to maintain, over time, an optimal structure to reduce the cost of capital.

The capital structure of the Group consists of Cash and cash equivalents, Borrowings (Note 19) and Equity as disclosed in the statement of financial position. There are no externally imposed capital requirements.

Financial Covenants

The Group's borrowings (refer Note 19 *Borrowings*) are subject to the following financial covenants. The covenants are limited to the SA business.

Dates	Leverage ratio	Interest cover ratio	Liquidity
Feb-21	Not required ^{^^}	Not required ^{^^}	R250 m [^]
Aug-21	3.75x	2.75x	R250 m
Feb-22	3.25x	3.00x	R250 m
Aug-22	2.60x	3.00x	R250 m
Feb-23	2.50x	3.00x	R250 m
Aug-23	2.50x	3.00x	R250 m
Feb-24	2.50x	3.00x	R250 m

[^] The liquidity covenant test for the year ended 28 February 2021 has been satisfied.

^{^^} As agreed with the Group's primary lender, these financial covenants were not required to be measured for the period under review.

Gearing

The Group's gearing ratio is set out below:

	2021 R000	2020 R000
Borrowings	1 469 012	1 677 437
Lease liabilities	345 076	1 383 240
Cash and cash equivalents	(444 357)	(486 257)
Net debt	1 369 731	2 574 420
Equity	390 764	1 800 392
Gearing ratio*	351%	143%

* Calculated as Net debt divided by Equity.

15 Contingent liabilities

The Group's borrowings are unsecured, no pledges have been issued.

The company and its South African subsidiaries have issued an unlimited suretyship in favour of First Rand Bank Limited to secure the banking facilities entered into by certain subsidiary companies.

Guarantees issued by banks in favour of trade creditors totalled R9.3 million (2020: R8 million).

Refer to Note 19 for other guarantees and facilities in the Group.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS continued

16 Discontinued operation

Famous Brands Limited acquired GBK in October 2016. GBK was placed under administration on the 14th October 2020 in accordance with the insolvency legislation in the UK. The financial results have been disclosed as a discontinued operation as a result of the disposal.

	2021 R000	2020 R000
Revenue	337 669	1 285 040
Cost of sales	(65 281)	(264 448)
Gross profit	272 388	1 020 592
Selling and administrative expenses [^]	(374 088)	(1 020 207)
Operating (loss)/profit before non-operational items	(101 700)	385
Non-operational items ^{^^}	(1 121 698)	(52 953)
Operating loss including non-operational items	(1 223 398)	(52 568)
Net finance costs	(38 320)	(54 395)
Loss before tax	(1 261 718)	(106 963)
Tax	150 278	1 030
Loss from discontinued operation	(1 111 440)	(105 933)
[^] Selling and administrative expenses include:		
Depreciation of property, plant and equipment	112 217	161 810
Amortisation of intangible assets	187	331
Audit fee	1 534	1 260
^{^^} Non-operational items	(1 121 698)	(52 953)
Impairment	(1 489 247)	(52 953)
Realised foreign exchange on disposal	367 549	–
Loss for the year	(1 111 440)	(105 933)
Other comprehensive income, net of tax:		
Exchange differences on translating foreign operation	88 078	61 661
Pre-tax foreign exchange differences on translating foreign operation	127 850	90 385
Tax effect on exchange differences on translating foreign operation	(39 772)	(28 724)
Post-tax foreign exchange differences on discontinued operation	(299 664)	–
Pre-tax foreign exchange differences on discontinued foreign operation	(367 549)	–
Tax impact on foreign exchange differences on discontinued foreign operation	67 885	–
Total comprehensive loss for the year	(1 323 026)	(44 272)
Net cash inflow generated from operating activities	17 329	63 012
Net cash outflow from investing activities	(63 732)	(35 404)
Net cash outflow from financing activities	–	(69 825)
Net decrease in cash and cash equivalents	(46 403)	(42 217)
Basic loss per share (cents) from discontinued operation		
Basic	(1 110)	(106)
Diluted	(1 107)	(106)

17. (Loss)/earnings and diluted (loss)/earnings per share ("EPS")

EPS – including discontinued operation	Gross R000	2021 Tax R000	Net R000	Gross R000	2020 Tax R000	Net R000
Total						
Reconciliation between basic and diluted basic (loss)/earnings						
(Loss)/profit attributable to owners of Famous Brands Limited	(1 239 079)	–	(1 239 079)	362 264	–	362 264
Basic and diluted basic (loss)/earnings	(1 239 079)	–	(1 239 079)	362 264	–	362 264
Basic (loss)/earnings per share (cents)						
Basic			(1 237)			362
Diluted			(1 234)			361
EPS – continuing operations						
Reconciliation between basic and diluted basic (loss)/earnings						
(Loss)/profit attributable to owners of Famous Brands Limited	(127 639)	–	(127 639)	468 197	–	468 197
Basic and diluted basic (loss)/earnings	(127 639)	–	(127 639)	468 197	–	468 197
Basic (loss)/earnings per share (cents)						
Basic			(127)			468
Diluted			(127)			467

18. Headline (loss)/earnings and diluted headline (loss)/earnings per share

HEPS – including discontinued operation	Gross R000	2021 Tax R000	Net R000	Gross R000	2020 Tax R000	Net R000
Total						
Reconciliation between (loss)/earnings, headline (loss)/earnings and diluted headline (loss)/earnings						
(Loss)/profit attributable to owners of Famous Brands Limited	(1 239 079)	–	(1 239 079)	362 264	–	362 264
Adjustment for:	1 303 602	(151 158)	1 152 444	55 890	(822)	55 068
Loss on disposal of property, plant and equipment	3 144	(880)	2 264	2 937	(822)	2 115
Loss on disposal of intangible assets	12 950	–	12 950	–	–	–
Profit on sale of business	(27 675)	–	(27 675)	–	–	–
Realised foreign exchange on disposal of discontinued operation	(367 549)	67 885	(299 664)	–	–	–
Impairments	1 682 732	(218 163)	1 464 569	52 953	–	52 953
Headline (loss)/earnings	64 523	(151 158)	(86 635)	418 154	(822)	417 332
Headline (loss)/earnings per share (cents)						
Basic			(86)			417
Diluted			(86)			416

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS continued

18. Headline (loss)/earnings and diluted headline (loss)/earnings per share (continued)

HEPS – continuing operations	Gross R000	2021 Tax R000	Net R000	Gross R000	2020 Tax R000	Net R000
Reconciliation between (loss)/earnings, headline earnings and diluted headline earnings						
(Loss)/profit attributable to owners of Famous Brands Limited	(127 639)	–	(127 639)	468 197	–	468 197
Adjustment for:	181 904	(880)	181 024	2 937	(822)	2 115
Loss on disposal of property, plant and equipment	3 144	(880)	2 264	2 937	(822)	2 115
Loss on disposal of intangible assets	12 950	–	12 950	–	–	–
Profit on disposal of business	(27 675)	–	(27 675)	–	–	–
Impairments	193 485	–	193 485	–	–	–
Headline earnings	54 265	(880)	53 385	471 134	(822)	470 312
Headline earnings per share (cents)						
Basic			53			470
Diluted			53			469

Interest rate									
Currency	Maturity date	Nature	Margin %	Rate	2021 %	2020 %	2021 R000	2020 R000	
19 Borrowings									
Unsecured									
Long-term borrowings							1 462 600	1 655 630	
Short-term portion of borrowings							6 412	21 807	
							1 469 012	1 677 437	
Interest is paid quarterly in arrears.									
The company has unlimited borrowing powers in terms of its Memorandum of Incorporation.									
Terms of repayment									
FY2020									
Loan facility: 3-year bullet	ZAR	Dec-21	Variable	1.60	3-month JIBAR	6.80		600 000	
Loan facility: 4-year bullet	ZAR	Dec-22	variable	1.70	3-month JIBAR	6.80		850 000	
Loan facility: 5-year revolving facility	ZAR	Dec-23	variable	1.70	3-month JIBAR	6.80		207 169	
FY2021									
Loan facility: Amortising loan	ZAR	Aug-23	variable	2.95	3-month JIBAR	6.44	750 000		
Loan Facility: Revolving Credit Facility (RCF)	ZAR	Feb-24	variable	3.20	3-month JIBAR	6.69	700 000		
General Banking Facility (GBF)	ZAR	364 days	variable	N/A	Prime	7.00	–		
Loan Facility: Term Loan	ZAR	Jun-21	variable	0.10	Prime	7.10	6 266		
Loan Facility: Term Loan	GBP	Sep-25	fixed	N/A	Fixed	2.02	12 600		
Transaction costs							1 468 866	1 657 169	
Interest accrued							–	(2 468)	
							146	22 736	
							1 469 012	1 677 437	
Maturity analysis									
Payable within 1 year							6 412	21 807	
Payable between 2 and 5 years							1 462 600	1 655 630	
							1 469 012	1 677 437	

Sensitivity analysis

A change of 1% in interest rates at the reporting date would have increased/(decreased) profit or loss by R15 million (2020: R17 million).

Interest risk management

The Group utilises interest rate swap contracts to hedge its exposure to the variability of cash flows arising from unfavourable movements in interest rates. Refer Note 32 *Risk management* of the financial statements and Note 11 *Derivative financial instruments* for further details.

Facilities

- Total ZAR overdraft facility in place: R200 million (2020: Rnil). Unutilised portion at year-end: R200 million (2020: Rnil).
- The Group has a 5-year revolving loan facility of R1 100 million (2020: R970 million). Unutilised portion is R400 million (2020: R763 million) at year end.

Guarantees

Famous Brands Limited, Famous Brands Management Company (Pty) Ltd, Mugg and Bean Franchising (Pty) Ltd, Lamberts Bay Foods (Pty) Ltd, Famous Brands Logistics Company (Pty) Ltd, Creative Coffee Franchising (Pty) Ltd, Hawk Like Trade and Invest (Pty) Ltd and Vovo Telo Bakery and Cafe (Pty) Ltd have guaranteed in terms of the loan agreement:

- Punctual performance by the Group of amounts due in the agreement.
- Immediate payment of amounts due which the Group has not paid.
- To indemnify the lender against any cost, loss or liability it incurs as a result of the Group not paying amounts that are due.

Transaction costs

The unamortised portion of transaction costs related to the refinanced loan facility amount to nil (2020: R2 million) as at 28 February 2021.

20 Post-balance sheet events

Famous Brands Design Studio (Pty) Ltd trading as DHQ has from March 2021 transitioned to an associate company. Famous Brands now holds 49% – formerly 60% – after the creation of the DHQ employees share trust. Famous Brands Management company (Pty) Ltd donated the shares to the trust.

Famous Brands Great Bakery Company (Pty) Ltd trading as Bread Basket was 51% owned by Famous Brands and this majority stake was sold on 1 May 2021 to our long standing partner and family founders of the business.

Lupa Osteria was 51% owned by Famous Brands. On 1 May 2021 Famous Brands acquired the 49% non-controlling interest from the founders of Lupa Osteria, Guy Cluver and Chris Black.

None of the above transactions were categorised transactions in terms of the Listings Requirements of the JSE.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS continued

SHAREHOLDER SPREAD

for the year ended 28 February 2021

	2021				2020			
	Number of share-holders	% of total share-holdings	Number of shares	% of issued capital	Number of share-holders	% of total share-holdings	Number of shares	% of issued capital
1 – 10 000	5 913	93.74	3 951 395	3.94	4 432	92.43	3 940 583	3.93
10 001 – 50 000	204	3.23	4 693 826	4.68	211	4.40	4 727 046	4.72
50 001 – 100 000	64	1.01	4 514 898	4.51	38	0.79	2 507 149	2.50
100 001 – 1 000 000	101	1.60	29 762 444	29.70	96	2.00	34 841 052	34.78
Over 1 000 000	26	0.42	57 279 721	57.17	18	0.38	54 170 228	54.07
Total	6 308	100.00	100 202 284	100.00	4 795	100.00	100 186 058	100.00
Distribution of shareholders								
Individuals	5 462	86.59	17 434 306	17.40	3 944	82.25	20 979 114	20.94
Insurance companies	7	0.11	2 133 812	2.13	9	0.19	1 181 098	1.18
Investment trusts	240	3.80	7 651 578	7.64	274	5.71	7 644 852	7.63
Other companies and corporate bodies	599	9.50	72 982 588	72.83	568	11.85	70 380 994	70.25
Total	6 308	100.00	100 202 284	100.00	4 795	100.00	100 186 058	100.00
Shareholder type								
Non-public shareholders	26	0.41	22 343 809	22.30	23	0.48	23 645 580	23.60
Directors and associates (Direct)	17	0.27	12 351 246	12.33	9	0.19	13 758 117	13.73
Directors and associates (Indirect)	9	0.14	9 992 563	9.97	14	0.29	9 887 463	9.87
Public shareholders	6 282	99.59	77 858 475	77.70	4 772	99.52	76 540 478	76.40
Total	6 308	100.00	100 202 284	100.00	4 795	100.00	100 186 058	100.00
Fund managers greater than 5% of the issued shares								
Coronation Fund Managers			28 556 235	28.50			26 117 658	26.07
Public Investment Corporation			7 856 095	7.84			9 312 345	9.30
BMO LGM Investments Management Group			–	–			8 021 206	8.01
Visio Capital Management			7 025 964	7.01			–	–
Total			43 438 294	43.35			43 451 209	43.38
Direct and indirect beneficial shareholders greater than 5% of the issued shares (excluding directors)								
Coronation Fund Managers			16 188 808	16.16			14 341 846	14.32
Government Employees Pension Fund			8 784 294	8.77			10 818 519	10.80
BMO LGM Investments Management Group			–	–			8 021 206	8.01
Halamandaris Theofanis Mr			4 677 598	4.67			7 017 598	7.00
Panis Trust			6 828 955	6.82			6 828 955	6.82
Total			36 479 655	36.42			47 028 124	46.95
Total number of shareholdings	6 308				4 795			
Total number of shares in issue			100 202 284				100 186 058	

ADMINISTRATION

Famous Brands Limited

Incorporated in the Republic of South Africa

Registration number: 1969/004875/06

JSE share code: FBR

A2X share code: FBR

ISIN code: ZAE000053328

Directors

Norman Adami, Santie Botha (Independent Chairman), Chris Boule, Deon Fredericks, Nik Halamandaris, John Halamandres, Darren Hele (CEO)*, Alex Maditse, Emma Mashilwane and Lebo Ntlha (Group FD)*.

* *Executive*

Group Company secretary

Celeste Appollis

Registered office

478 James Crescent, Halfway House, Midrand, 1685 PO Box 2884, Halfway House, 1685

Telephone: +27 11 315 3000

Email: [HYPERLINK "mailto:investorrelations@famousbrands.co.za" investorrelations@famousbrands.co.za](mailto:investorrelations@famousbrands.co.za)

Website address: [HYPERLINK "http://www.famousbrands.co.za" www.famousbrands.co.za](http://www.famousbrands.co.za)

Transfer secretaries

Computershare Investor Services Pty Limited

Registration number: 2004/003647/07

Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196

Private Bag X9000, Saxonwold, 2132

Sponsor

The Standard Bank of South Africa Limited

Registration number: 1969/017128/06

30 Baker Street, Rosebank, 2196

Auditors

KPMG

Registration number: 1999/012876/07

85 Empire Rd, Parktown, Johannesburg, 2193

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